



CONGRESSIONAL BUDGET OFFICE  
U.S. Congress  
Washington, DC 20515

*Douglas Holtz-Eakin, Director*

December 8, 2003

Honorable Charles E. Grassley  
Chairman  
Committee on Finance  
United States Senate  
Washington, DC 20510

Dear Mr. Chairman:

The Congressional Budget Office has estimated the effects on direct spending and revenues of a possible managers' amendment to H.R. 743, the Social Security Protection Act of 2003, that would substitute for the version reported by the Senate Committee on Finance on October 29, 2003. Most of the text of that amendment, identified as 0:\ERN\ERN03.A56, was provided to CBO on November 25, 2003; additional language was later transmitted separately.

CBO estimates that enacting this legislation would reduce direct spending by \$0.3 billion over the 2004-2008 period and by \$0.8 billion in the 2004-2013 period. The act would increase revenues by \$26 million over the 10-year period. Some of these budgetary effects would involve Social Security, which is off-budget. The enclosed table provides additional detail.

CBO previously estimated that H.R. 743 as reported by the Committee on Finance would reduce the total deficit by \$0.6 billion over the 2004-2013 period. The possible managers' amendment contains several key changes:

- Three provisions were dropped, for a net savings of \$0.2 billion: a provision giving the Social Security Administration (SSA) access to Internal Revenue Service data on benefits paid by certain state and local government retirement plans (a loss of \$2.1 billion in savings over 10 years); an increase in the resources that people may own and still qualify for the Supplemental Security Income (SSI) program (gain of \$3.8 billion); and a requirement that SSA review certain SSI awards made by states (loss of \$1.5 billion).

- Three provisions were added, with little net budgetary effect: a House-passed proposal that would temporarily extend SSA's practice of direct payment of attorney fees to the SSI program (extra receipts of \$26 million); a new provision to extend the same program temporarily to certain non-attorneys (extra receipts of \$4 million); and a limited exemption to the seven-year reentitlement period for certain disabled adult children (cost of \$18 million).
- Three provisions were modified, again with little net budgetary effect: a reduction in funds provided for a survey of representative payees (saving \$9 million); a shorter extension of SSA's waiver authority for demonstration projects (saving \$37 million); and a six-month delay in the effective date for repeal of the "last-day" rule that enables some retirees to avoid the government pension offset (loss of \$77 million in saving).

Because CBO may receive additional information on the impact of the new provisions, and because the language remains subject to change, the estimate is preliminary. Also, the estimate does not include the act's potential effects on discretionary spending.

If you wish further details on this estimate, we would be pleased to provide them. The CBO staff contact is Kathy Ruffing.

Sincerely,

Douglas Holtz-Eakin  
Director

Enclosure

cc: Honorable Max Baucus  
Ranking Democratic Member

Honorable Charles E. Grassley  
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Honorable William “Bill” M. Thomas  
Chairman  
House Committee on Ways and Means

Honorable Charles B. Rangel  
Ranking Member

Honorable Don Nickles  
Chairman  
Senate Committee on the Budget

Honorable Kent Conrad  
Ranking Member

Honorable Jim Nussle  
Chairman  
House Committee on the Budget

Honorable John M. Spratt Jr.  
Ranking Member

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**ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF A POSSIBLE MANAGERS' AMENDMENT TO H.R. 743, THE SOCIAL SECURITY PROTECTION ACT OF 2003**

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By Fiscal Year, in Millions of Dollars

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	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
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**CHANGES IN DIRECT SPENDING (OUTLAYS)**

**Title I: Protection of Beneficiaries**

Authority to Reissue Certain Misused Benefits										
OASDI (off-budget)	2	*	*	*	*	*	*	*	*	*
SSI	1	*	*	*	*	*	*	*	*	*
Survey of Use of Payments by Representative Payees	<u>2</u>	<u>4</u>	<u>3</u>	<u>*</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Subtotal, Title I	5	4	3	*	*	*	*	*	*	*

**Title II: Program Protections**

Denial of Title II Benefits to Fugitives and Extension of Limited "Good-Cause" Exemption to Former Fugitives in SSI										
OASDI (off-budget)	-8	-30	-44	-55	-59	-61	-63	-66	-68	-70
Medicare	*	-4	-11	-15	-19	-22	-23	-25	-25	-27
SSI	*	1	1	1	1	1	1	1	1	1
Cross-Program Recovery of Overpayments										
OASDI (off-budget)	-1	-3	-3	-3	-3	-3	-3	-3	-2	-2
SSI	<u>-48</u>	<u>-79</u>	<u>-43</u>	<u>-21</u>	<u>-7</u>	<u>-4</u>	<u>-5</u>	<u>-5</u>	<u>-5</u>	<u>-6</u>
Subtotal, Title II	-57	-116	-100	-93	-88	-89	-94	-97	-100	-105

**Title III: Attorney Fee Payment System Improvements**

Cap on Attorney Assessments (OASDI; off-budget)	10	24	25	27	28	29	31	32	33	34
Temporary Extension of Attorney-Fee Payment System to SSI	0	-3	-4	-4	-4	-5	-5	-2	*	0
Temporary Extension of Attorney-Fee Payment System to Certain Non-Attorney Representatives										
OASDI (off-budget)	0	*	*	*	*	*	*	*	*	0
SSI	<u>0</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>*</u>	<u>0</u>
Subtotal, Title III	10	20	21	22	23	24	25	30	33	34

**Title IV: Miscellaneous and Technical Amendments**

Extension of Sunset Date for Demonstration Projects (OASDI; off-budget)	0	2	3	*	*	*	*	*	*	*
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**ESTIMATED EFFECTS ON DIRECT SPENDING AND REVENUES OF A POSSIBLE MANAGERS' AMENDMENT TO H.R. 743, THE SOCIAL SECURITY PROTECTION ACT OF 2003** (continued)

	By Fiscal Year, in Millions of Dollars									
	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Coverage under Divided Retirement Systems (OASDI; off-budget)	*	*	*	*	*	*	*	*	*	1
60-month Employment Requirement for Exemption from Government Pension Offset (OASDI; off-budget)	*	*	*	*	-2	-5	-10	-14	-22	-52
Post-1956 Military Wage Credits										
Payments to Trust Funds	903	0	0	0	0	0	0	0	0	0
Receipts to Social Security Trust Funds (off-budget)	-730	0	0	0	0	0	0	0	0	0
Receipt to HI Trust Fund	-173	0	0	0	0	0	0	0	0	0
SSI Provisions										
SSI	*	*	*	*	*	*	*	*	*	*
Exemption to 84-month Rule for Certain Disabled Adult Children										
OASDI (off-budget)	1	2	2	2	2	2	3	3	3	3
SSI and Medicaid	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>	<u>-1</u>
Subtotal, Title IV	*	4	5	2	*	-3	-8	-12	-20	-49
<b>Total Changes in Direct Spending</b>										
<b>On-budget</b>	<b>685</b>	<b>-81</b>	<b>-55</b>	<b>-40</b>	<b>-30</b>	<b>-30</b>	<b>-33</b>	<b>-31</b>	<b>-30</b>	<b>-33</b>
<b>Off-budget</b>	<b><u>-727</u></b>	<b><u>-6</u></b>	<b><u>-17</u></b>	<b><u>-29</u></b>	<b><u>-34</u></b>	<b><u>-38</u></b>	<b><u>-44</u></b>	<b><u>-48</u></b>	<b><u>-56</u></b>	<b><u>-86</u></b>
<b>Total</b>	<b>-42</b>	<b>-87</b>	<b>-72</b>	<b>-70</b>	<b>-65</b>	<b>-68</b>	<b>-76</b>	<b>-80</b>	<b>-86</b>	<b>-119</b>

**CHANGES IN REVENUES**

Title IV: Miscellaneous and Technical Amendments

Coverage under Divided Retirement Systems										
OASDI (off-budget)	1	1	2	2	3	3	3	4	4	5
Other	*	*	*	*	*	*	*	*	*	*
Clarification of Tax Treatment of Individual Work Plans	-2	*	*	*	*	*	*	*	*	*
<b>Total Changes in Revenues</b>										
<b>On-budget</b>	<b>-2</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>Off-budget</b>	<b><u>1</u></b>	<b><u>1</u></b>	<b><u>2</u></b>	<b><u>2</u></b>	<b><u>3</u></b>	<b><u>3</u></b>	<b><u>3</u></b>	<b><u>4</u></b>	<b><u>4</u></b>	<b><u>5</u></b>
<b>Total</b>	<b>-1</b>	<b>1</b>	<b>2</b>	<b>2</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>4</b>	<b>4</b>	<b>5</b>

NOTES: Details may not sum to totals because of rounding. Effects on budget authority equal the effects on outlays.

Estimates are based on language received by CBO on November 25, 2003 (O:\ERN\ERN03.A56); Section 420A was transmitted separately on December 4, 2003.

OASDI=Old-Age, Survivors, and Disability Insurance (title II of Social Security Act); SSI=Supplemental Security Income (title XVI); HI=Hospital Insurance (title XVIII).

\* = Less than \$500,000.